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NOTE FOR: General Walters
Mr. Knoche

1. Attached is a talking paper on counter-intelligence for DCI use at the 3 June 1976 PFIAB meeting. The paper was drafted in the Intelligence Community Staff, and has the blessing of C/CI Staff and the DDO.
2. The thrust of the paper is that the DCI concurs in the establishment of a National Counter-Intelligence Policy Committee at the NSC level and a National Foreign Counter-Intelligence Board, chaired by his designee, to support that Committee.
3. These two new institutions would serve to coordinate the CIA, the FBI, NSA, and Military counter-intelligence organizations in terms of policy and practice. Chief/CI Staff, whom I consulted yesterday, believes such coordination is vital to assure that the Agency is aware of FBI counter-intelligence activities (at present we have little knowledge of FBI state-side activities in this field). Conversely, the FBI would become aware of our CI operations overseas. It would also facilitate establishing sensible policies and better coordination in such fields as double-agent and deception operations. In short, these measures appear a long over-due step.

Attachment a/s

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Talking Paper for DCI Use at PFIAB Meeting on 3 June 1976

COUNTERINTELLIGENCE

1. I have read with interest the 7 April 1976 memorandum on counterintelligence from the Chairman, President's Foreign Intelligence Advisory Board.

2. I agree with the report that "within the Intelligence Community, policy level coordination of counterintelligence activities is inadequate," and that "at the national policy level, there is insufficient counterintelligence guidance."

3. I have noted the Board's two principal recommendations:

a. "The establishment at a senior level of a counterintelligence coordinating mechanism (individual--possibly assisted by a small committee) responsible to the DCI and the Attorney General;" and

b. "The development by the Attorney General, in consultation with the DCI, of a national counterintelligence policy directive."

4. The Board's recommendations relate to two major counterintelligence recommendations by the Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities. The Senate Committee recommendations call for:

a. Creation of a new National Security Council (NSC) Counterintelligence Committee (established by statute) consisting of the Attorney General as Chairman, the Deputy Secretary of Defense, the Director of Central Intelligence, the Director of the FBI, and the Assistant to the President for National Security Affairs; and

b. An undertaking by the President (in consultation with the intelligence oversight committee(s) of Congress) of a classified review of current issues regarding counterintelligence to provide the basis for enunciation of a classified Presidential statement on national counterintelligence policy and objectives.

5. As Director of Central Intelligence my authority in the field of foreign intelligence and foreign counterintelligence, as set forth in Executive Order 11905 of 18 February 1976, may be sufficient for me to establish a national counterintelligence committee to deal with policy and coordination. The Attorney General is charged by the Executive Order, however, with establishing regulations governing the FBI's counterintelligence activities.

6. Since foreign counterintelligence inherently involves domestic U.S. political and legal considerations, I fully recognize the importance of having top-level policy guidance which will assure protection of the rights of American citizens and at the same time address the importance of an effective counterintelligence effort.

7. Accordingly, I support the creation of an NSC-level National Counterintelligence Policy Committee (NCPC) to function as a national foreign counterintelligence policy-setting body providing top-level guidance to those intelligence organizations that conduct counterintelligence operations. With the help of the Intelligence Community Staff, I propose to consult with all agencies concerned, with the National Security Council Staff and with the Board to staff out a recommendation for approval by the NSC.

8. I would recommend the following membership for the NCPC:

The Attorney General, Chairman
Members of the present Committee on Foreign Intelligence:
 Director of Central Intelligence
 Deputy Secretary of Defense
 Deputy Assistant to the President for National Security Affairs
Director, Federal Bureau of Investigation
Under Secretary of State for Political Affairs

9. As you are aware, there is a precedent for overlapping membership in NSC committees, and I think it would be valuable to have the three members of the CFI serve on the National Counterintelligence Policy Committee.

10. At present, not all foreign counterintelligence resources are included in the National Foreign Intelligence Program which the CFI develops. This is required by E. O. 11905, however, and I therefore consider that such resources should be included under a program clearly identifiable as foreign counterintelligence, and subject to CFI guidance, prioritization and budget and resource allocation.

11. The NCPC could be established either by Executive Order or by an NSC Intelligence Directive.

12. To support the NCPC, I propose there should be a subordinate National Foreign Counterintelligence Board (NFCB), chaired by my designee, with the Intelligence Community Staff providing the staff secretariat. Other members of this Board would be

- A representative of the Attorney General
- A representative of the Deputy Secretary of Defense
- Deputy Assistant Secretary of State for Security
- A representative of the FBI Director
(the head of his Intelligence Division)
- Chief of the CIA Counterintelligence Staff
- Chief of DIA Counterintelligence
- Counterintelligence chiefs of the military services
- A representative of the Director, NSA

The NFCB could be established by the same Executive Order or NSC Intelligence Directive which established the NCPC.

13. The fact that the Intelligence Community Staff also is responsible for staff support of the CFI and that CFI members would be members of the NCPC would assure adequate interface between that Committee and the CFI.

14. The NFCB would have these functions:

- a. Develop and recommend to the NCPC for its approval policy guidance for foreign counterintelligence activities.

- b. Establish priorities for foreign counterintelligence activities.

- c. Facilitate the interagency exchange of foreign counterintelligence information and assure that all organizations make adequate and timely inputs to the central indexes and records of foreign counterintelligence information which NSCID No. 5 charges the CIA to maintain.

- d. Provide a forum for resolving interagency differences and for considering new problems and issues.

- e. Conduct periodic evaluations of the execution of the national foreign counterintelligence program and report on such to the NCPC.

15. The NCPC and NFCB would not be involved with the law enforcement activities of the Federal Bureau of Investigation or other Federal, State, or local organizations, nor with the internal security functions of the FBI which are not directly related to foreign counterintelligence.

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16. Neither would the NCPC nor its NFCB be concerned with protective security activities such as personnel security investigations, complaint investigations or related activities encompassed by the "Investigative activity" program subelement of the Defense Department and comparable activity of the FBI.

17. The counterintelligence problem, by itself, is a big job. It is time we got along with it, and, in particular, that top-level groups be formed to formulate and issue a national counterintelligence policy directive (or directives), and facilitate its (their) implementation.

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